



**AURORA ABSTRACT, INC.**

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### **“Why Aurora Abstract Inc.?”**

Aurora Abstract Inc. is an established and well respected Title Insurance Agency, providing exceptional service in all aspects of Title Insurance. Meeting the needs of our consumers, Aurora Abstract Inc. employee's take considerable time and effort to explain the title insurance process and ensure the quality of service that is promised to every client. Title Insurance can be quite painstaking and difficult to the everyday refiner/seller/purchaser; however the experienced and skilled staff at Aurora Abstract Inc. is available to guide you through the turbulent title insurance process.

### **“A History in Title Insurance”**

Title Insurance became one of the new forms of insurance conceived in the United States when the Real Estate Title Insurance Company of Philadelphia was founded in 1876. It was an apparent outgrowth of an opinion by the State Supreme Court of Pennsylvania that absolved a seller from liability for an erroneous search and abstract on the grounds that he had not been negligent in its preparation (Watson vs. Muirhead, 57 Pa. 161, 1868). The case had far reaching consequences because it demonstrated the need to furnish some type of protection to purchasers of real estate who suffer losses as a result of errors in searching county records, even in the absence of fault.

In the late 1920's title insurance companies also engaged in guaranteeing mortgage payments. But many of these companies became insolvent during the Depression. Due to this fact title insurance companies today are prohibited from guaranteeing the payment of mortgages or guaranteeing the completion of any building, structure or project. Subsequently, national lenders require a **transferable mortgage**; simply put a mortgage that may be accepted anywhere and by anyone. Title insurance companies have met the needs of these lenders by providing standardized forms, (ex. Title Insurance Policies) which insure against defective titles. Secondary market purchasers like FNMA (Fannie Mae) and FHLMC (Freddie Mac) require title insurance on every loan they buy, further stimulating the growth of title insurance to present day through their federally guaranteed programs.

### **“Why do you need title insurance?”**

To understand title insurance you must understand the principal of indemnity. Indemnity simply means that the insured will not profit from the transaction, but should be restored to the same financial condition that existed prior to a loss. A title insurance policy is given to the insured at the closing. If purchasing a home, the lender will receive a policy called a “Loan Policy,” and the new owner (purchaser) will receive a policy called an “Owner's Policy.” A title insurance policy is a contract under which a title insurance company, for a one-time payment known as “the premium,” agrees to indemnify the insured, not in excess of the policy amount and subject to any exclusions, exceptions, conditions or stipulations in the policy for any loss the insured might sustain. Title Insurance insures that your title to the premises purchased under contract is unhindered by any type of superior lien, claim or encumbrance which may affect your ability to transfer title. The ability to transfer good title from one person to another is called, “Marketable Title.”



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**“Why do you need a good title insurance agency?”**

Title insurance companies assume the risk that there is a superior lien or encumbrance; along with other factors that may hinder your right to transfer marketable title because of this a reputable and meticulous title agency will cause a search of the county records. The search of the county records will disclose a linked history of the property, stating all the past conveyances, mortgage history and other encumbrances which may affect title. A title insurance company will take this information and formulate a title insurance commitment which will outline the facts obtained through these records. This title commitment will provide the information needed by all parties involved in the real estate transaction to ensure that everything is handled professionally and correctly.

**“For consumers: Your title insurance rights!”**

1. You are entitled to be treated with courtesy and consideration.
2. You are entitled to service that is ethically and morally responsible.
3. You have the right to privacy; your personal information will not be represented to anyone without your prior consent.
4. You are entitled to understand what the title insurance process is.
5. You have the right to choose a title company of whom you would prefer to issue a commitment.
6. You are entitled to having experienced and skilled title professionals explain your commitment.
7. You have the right to retain the services of an attorney who will oversee the real estate transaction and represent your interests in the matter.
8. You are entitled to receive a title insurance policy, issued properly with a considerable evaluation of the properties current standing at the county.
9. You are entitled to retain any information gathered to clear objections from your commitment.
10. You have the right to know and verify what fees are charged in connection with the issuance of your title insurance policy.

**“For consumers: What does my title dollar pay for?”**

Title insurance companies and their underwriters, unlike property or casualty insurance companies, operate under the theory of “risk elimination.” Risk elimination can only be accomplished after an intensive period of risk identification. Title Insurance companies spend a high percentage of their operating revenue each year collecting, storing, maintaining and analyzing official records for



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information that affects title to real property. Trained title experts are able, with the aid of their extensive title plants and examiners, to identify the rights others may have in your property, such as recorded liens, legal actions, disputed interests, rights of way, easements, and other encumbrances on title to your property. When claims (a dispute over title) arise, title insurance companies have professional claims personnel to make sure that your property rights are protected pursuant to the terms of the policy issued to you. To conclude when you pay for a title insurance policy, you are paying for a team of professionals who have worked together to deliver a title insurance policy to you which represents protection for your ownership of real property.

### **Fees? What fees?**

There are numerous fees associated with production of a title insurance commitment and the final product which is the title insurance policy. Your loan officer will disclose to you an estimated cost of these fees upon your mortgage loan application. An itemized list of fees that are accrued or will accrue in connection with your closing will be itemized for you at the closing. Aurora Abstract Inc. is proud to share with our consumers that these fees charged to you are the lowest we can offer in the industry. We value our clients and expect that both our clients and the consumer will be satisfied with the outstanding work that we provide.

Should you have any questions regarding any of the material you have just read please feel free to contact the office. The professional staff at Aurora Abstract Inc. is always on hand to answer the questions of clients or consumers at any time.